

The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.

What is a Tracking Chart?

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

Note on Language:

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]", etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

Country	China	Factory Profile	
IEM	ITS	# Workers	665 workers
Factory Code	02031528A	Product	t-shirts, sportwear, pants
Date of audit	9/29/01		
Duration of IEM	5 days		
Evaluation			
PC(s)/Compliance Staff	Eddie Bauer& Levi Strauss & Co.		

FLA Code		ITS Findings	PC Corrective Action Plan	PC Remediation Status	Remediation Date	PC Response to FLA follow-up (CAP 8/6/02)	Follow Up Comments (Company Only) CAP 2/3/03
1. Code Awareness							
FLA Code Posting	Per FLA Principles of Monitoring: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	It is noted that no FLA Code was posted in the factory.	Brand posters should suffice until there is agreement on the poster. [Factory] need to check the posters and make sure it covers workshop as well as dorm.			Clarified with ITS, FLA code is not necessarily required. Factory does not have FLA poster in Chinese version. Chinese version to be sent immediately.	Reconfirmed that company COC has been posted.
		Continued Comments					
		ITS: only found Nike's poster in dorm.	Follow up: [Factory] need to check the posters and make sure it covers workshop as well as dorm				
2. Forced Labor							
Probationary Period	(5) In accordance with Opinion of the Ministry of Labor on Several Questions concerning the Implementation of Labor Contract System article 3, a) Length of labor contract below 6 months, duration of probationary period shall not exceed 15 days; b) Length of labor contract above 6 months but below one year, duration of probationary period shall not exceed 30 days; c) Length of labor contract above one year but below two years, duration of probationary period shall not exceed 60 days. Length of labor contract includes probationary period. Per FLA Benchmark 1B, Forced Labor: 5. Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision.	It is noted that the duration of probationary period is one to three months for those contracts which length is one or three years.	Facility has changed their probation period to 3 months.	Factory has revised the probation period to one month from September 17, 2001.	9.17.01	Revise the probation period in the contract and announce to employees. Based on the new employee handbook, probation period for the new employees will be one month normally; but it is subject to be changed to 60 days according to their performance. Compliance Officer: According the labor contracts,the probation period was one month those contracts which length is one or three years.	Confirmed that documentation review of individual contracts limits one month probationary period for one year contract.
		Continued Comments					
		ITS: agreed, but make sure no 6-month contract happens.	Follow up: make sure no 6-month contract in the facility				
		Continued Comments					
		[Supplementary information: Employee Handbook must be revised to fulfil the requirement of article 3]					
3. Child Labor							
Juvenile Benefits	6) In accordance with PRC Regulations for the Special Protection of Juvenile workers (Document No.498) article 6, employers should provide, according to the following requirements, regular body check: a) Before the juvenile worker has worked at the enterprise; b) After the juvenile worker has worked for one full year; c) When the juvenile worker has reached 18 years if age and has not had a health examination in the previous six months. Per FLA Benchmark IIB, Child Labor: 8. Employers will comply with applicable laws that apply to young workers, i.e., those between the minimum working age and the age of 18, including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime.	We have noted that only the health check was provided to juvenile workers before working.	Action : Clarification with ITS that the factory does not hire workers under 18. We view this as non-discriminatory and appropriate given work restrictions for minors and general concern of underage workers in the factory.			No special protection factory policy for juvenile workers exists, although there is no juvenile workers hired at the factory. Factory needs to set up a special protection policy for the juvenile workers.	Factory staff to make extra efforts to reconfirm that factory protection policy effectively ensures: 1) Juvenile workers are not assigned hazardous tasks and 2) The factory complies with all laws regarding the employment of juvenile workers. According to the internal audit, interviewed employees reported that only workers over 18 years old could be hired. *Currently, there are job openings in the factory, and the recruiter confirmed they only hire workers at or above 18 years of age.
		Continued Comments					
		ITS: a worker was found to be under 18 when hired, (but already reach 18 during visit). The statement is just a reminder.	Follow up: [Factory] has to take care of the requirement IF juvenile workers hired.				
		Continued Comments					
		[Supplementary information: Factory should consider to put the requirement of Document No. 498 article 6 in its Employee Handbook].					

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4. Harassment or Abuse							
5. Nondiscrimination							
Maternity Leave	(3) In accordance with the PRC Labor Law article 62, maternity leave for female workers shall be least 90 days. Per FLA Benchmark IVB, Nondiscrimination: B.2. There shall be no differences in compensation and benefits attributable to gender.	We have noted that the maternity leave was available for those female employees who worked for one full year in this factory.	Action: Post the workers' entitled benefits in a public place, which includes the maternity benefits and also the regular working hours and days (even though, [Factory] get the permit on the Comprehensive Working Hour System). Or they can do it in a handbook form to every employee.	Factory has revised the regulation with no length of service limit of the female employees to enjoy the maternity leave, and a handbook will be distributed to every employee before December 31, 2001.	12.31.01	In the revised employee handbook dated October 2001 states that employees are entitled maternity leave according to the law. However, PC believes this statement needs more specifics. As an example, [worker interviews revealed a lack of knowledge about maternity leave]. In addition, [some] female employees interviewed were still unaware of maternity leave policy. August 10, 2002, followup: Factory had provided the updated handbook with specific maternity benefits to all workers, and posted the policy in the workplace. (please refer to the attached document)	
		Continued Comments					
		ITS: agree with the action plan on handbook & poster.	Follow up: need document on the worker's handbook				
		Continued Comments					
		[Supplementary information: Please clarify if maternity leave relates to the permit on the Comprehensive Working Hour System.] [Supplementary information: A copy of poster/announcement/notice must be kept.]					
6. Health and Safety							
Fire Safety / Sanitation	Per FLA Benchmark VB, Health and Safety: 1. All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	The following areas will be required for immediate action: 1. No fire sprinkler system is equipped in the factory.	Noted that's the best practice. Follow up: no need			1. Monitor agreed the sprinkler system is not legally required for this 2. Through factory tour PC noted that hand washing lotion , soap and paper tissue were not supplied to all toilets. Follow-up on 7/5/02: Factory has provided toilet paper to all workers and the hand dryer was installed in all toilets (please refer to the attached photo)	
		2. No toilet paper is supplied in toilet.		Factory has provided toilet paper to all workers and the hand dryer was installed in all toilets with completion date on 7/5/2002. (please refer to the attached photo).			
		Continued Comments					
		ITS: agreed on that is not an issue	Follow up: no need				
		7. Freedom of Association and Collective Bargaining					
8. Wages and Benefits							
Minimum Wage	1) In accordance with the PRC Labor Law article 48 and Opinion of the Ministry of Labor on Several Questions concerning the Implementation of the Labor Law (1995) article 57, employees, including those who are in probationary, training or internship period, shall not be paid lower than the local minimum standard set of RMB 430 per month, i.e., RMB 2.57 per hour. Per FLA Workplace Code Provision: Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.	We have noted that some sewing workers were paid as low as RMB 2.05 per hour.	Action: [Factory] has to submit a plan for the compensation on the difference due to revise on the minimum wages requirement during July, August & September ([Factory] adopted the new minimum requirement on October 1, 2001). [Factory] need to establish system to check on the minimum wages information regularly.	Factory has increased the minimum wages to RMB430 from October 1, 2001. They planned to compensate workers whose wages lower than RMB430 for the difference from July to September. It will be completed before January 13, 2002.	1.13.02	Factory revised their compensation system on Sept. 2001. Employees were paid back wages on 1/12/2002. The pay list was obtained as proof. PC confirmed through worker interviews that [some workers] ... who were newly hired at the factory in Feb.2002 paid above the minimum wage, and the remainder of employees were paid the legal minimum wage.	
		Continued Comments					
		ITS: agreed on the resolution	Follow up: [Factory] need to submit supporting on the repayment.				

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Social Insurance Benefits	(2) In accordance with the PRC Labor Law article 72 and 73, employer unit and its workers must participate in social insurance schemes included retirement, illness or injury, work-related injury or occupational disease, unemployment and maternity. Per FLA Benchmarks VIIB, Wages and Benefits: 1. Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits. 2. Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits.	We have noted that [some] workers participated in all social insurances except illness.	Action: Suggest [Factory] to obtain a certificate for their compliance to the social insurance requirement from the local authority.	Factory has got the approval from the local Medicare Innovation Group that factory shall participate in illness (medical) insurance before second quarter next year.	Q2, 2002	Get written approval. A general written approval obtained from local social insurance bureau dated on 12/19/2001 state that all employees are enrolled into the program for Pension, Maternity, Injury and Unemployment insurance. And factory was required by local authority to enroll the Medical insurance program from the 2nd quarter of 2002, the approval date was 12/7/2001 Compliance Officer:The factory management said that Employees would be provided with medical insurance since July,2002 as local labor bureau required. Factory has participated in all social insurances including illness with all employees with completion date on 6/1/2002.	As of Feb.14, 2003, 867 out of 958 employees were provided with all 5 types of social insurance. The remaining employees were approved by local labor bureau to enroll only after their probation period has been completed.
		Continued Comments					
		ITS: concern on the other items on the social insurance	Follow up: [Factory] need to get the certificate on the compliance to the local Social Insurance on other criterion, like retirement; work related accidental insurance; maternity insurance & unemployment insurance.				
		Continued Comments					
Wage Procedures	4) In accordance with Provisional Regulations for the Payment of Wages [14] article 6, employing units shall record in writing the amount of wages paid to workers, date of the payment, names and signatures of the persons who receive wages, and the units shall keep them for two years or more for examination. Employing units shall provide workers with a copy of his/her payroll when they pay wages. Per FLA Benchmarks VIIB, Wages and Benefits: 1. Employers will communicate orally and in writing to all employees in the language of the worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law. 2. Employers will provide workers a pay statement each pay period, which will show earned wages, regular and overtime pay, bonuses and all deductions. 3. Accurate and reliable payroll reporting, including pay stubs will be provided.	We have noted that no signatures were required by this factory.	There should be clear confirmation that workers receive the appropriate amount and can voice grievance if amount seen to be unfair.	The workers were provided with pay slip.		According to payrolls of Apr.&May 2002,there were employee signatures on them. 2. [Employee interviews report that workers sign] the payroll.	Closed on 7/3/02
		Continued Comments					
		ITS: there's a law requirement on the worker's signature and will provide the copy of the related law	Follow up: if there is a law required procedure, then [Factory] might need to improve their present system to comply with the law				
		Continued Comments					
Wage Deductions	Per FLA Benchmark VIIB, Wages and Benefits: 1. Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher.	(7) Remark: RMB 1 to 60 per month was deducted for meal .	Action: need to clarify with ITS on their findings.			As of Jan. 1, 2002, factory no longer deducts worker's wage with meal purchases. Workers are free to purchase or not to purchase the canteen food which is now subsidized by the factory and is reasonable. For examples, workers can choose meals with prices ranging from RMB 0.4 to RMB1.5.	This is not a typo. Since 1/1/2000, factory has provided meal allowance and workers are allowed to choose freely. Factory advised monitor of this during the closing meeting.
		Continued Comments					
		ITS: the deduction was found on the payroll during audit and worry if this could be a way for below minimum paid.	Follow up: [Factory] need to make sure the workers were free to choose (with the minimum wages issue already addressed earlier).				
		Continued Comments					
		[Supplementary information: Would suggest to rephrase this statement to "ITS: the deduction was found on the payroll during audit and some workers were found paid below the minimum wage standard] [Supplementary information: As informed, the current practice of the factory is to request workers to buy meal ticket for meals].					

FLA Code		ITS Findings	PC Corrective Action Plan	PC Remediation Status	Remediation Date	PC Response to FLA follow-up (CAP 8/6/02)	Follow Up Comments (Company Only) CAP 2/3/03
9. Hours of Work							
Time Records	Per FLA Benchmark VIIB, Hours of Work: 1. Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards.	Remark: The overtime hour on monthly records was different from the daily computer scanning.; through the employees interview, there is another manual records registered by the supervisor but the factory could not provide the manual records to IEM monitor for verification at time of audit, thus, the actual overtime hour could not be verified.	Action 1: Review with ITS on their finding on the possible second record. Action 2: [Factory] need to improve the accuracy of their time record to make sure the meal breaks during OT included, and the record should be the base for the OT pay. Suggest to simplify the administration report(prepared by line supervisors) for the OT preparation and use ticks or number of OT hours purposed to prevent the doubts on the second record and save the time on the preparation of the report.	Factory has educated all employees to ensure all of them swipe their card during OT from October, 1, 2001.	10.1.01	Factory needs to record employees' working hours clearly. Factory management explained that the manual record was only utilized for recording working days. The record was only by group, not by individual. [Worker interviews report that the] line supervisor has a manual record for each one of them, not by group. Every day after 16:00, the manual record will be posted in the workshop to notify employees who need to work overtime. PC Compliance staff shall continuously monitor this issue closely.	Internal audit completed on Feb.14, 2003: no such issue was identified through the employee interviews.
		Continued Comments					
		ITS: through interview, there's hand written record by the supervisor on the OT hours after the OT suggested by the interviewee, and the record will be passed to the administration for data entry.	Follow up: There's not sufficient evidence to show the purpose of the record nor the facility try to have a second record to hire the OT hours & OT compensation. [Factory] need to make sure completeness of their swipe card record and pay accordingly.				
		Continued Comments					
		(Supplementary information: Believe that this is the follow up finding by PCs. Please check if the word should be "hide" instead of "hire".)					
10. Overtime Compensation							
Record Keeping	Per FLA Benchmark VIIB, Overtime Compensation: 1. Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards.	Remark: Since the overtime hour could not be verified, the actual overtime payment could not be calculated. Refer to Working Hours.				Need third party audit: The factory was using a complex working hour calculation system. The factory was approved to adopt the Comprehensive Working Hour System (approval 1), and was allowed to work overtime during night for no more than 18 hours per (specific) week (approval 2), which could not be understood simply as OT 72 hours per month. All piece rate employees were paid 150% and 200% for various OT accordingly. But if employees worked less than 8 hours in a normal working day, the total weekend OTare deducted based on the less hours; if the total weekend OT is not sufficient to be deducted, then total night OT in normal working days of the month are deducted. Additional OT approval needs to be obtained immediately based on the PC's OT policy. Meanwhile the factory's OT compensation system needs to be revised immediately. Compliance staff to monitor this issue closely. We randomly selected [] employees from production line, their total OT hours in Dec. 2001 reached 72 hours. Compliance Officer:The factory got a approval form local bureau,but it isn't appropriate. Factory had revised the OT compensation system with completion date on 6/1/2002. (please refer to the OT approval)	Have confirmed through the audit conducted by PC Compliance staff. Checked payrolls, time cards and production records and interviewed 20 employees. Did not find any inconsistencies.